

Message Text

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15

ACTION COME-00

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 EB-07

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 STR-04 /068 W

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P 070840Z FEB 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 7864

INFO AMEMBASSY MOSCOW

USLO PEKING

AMCONSUL HONG KONG

UNCLAS TOKYO 1667

E.O. 11652: N/A

TAGS: EEWT, EFIN, JA

SUBJECT: BARTER/SWITCH TRADE

REF: STATE A-152

FOR COMMERCE TPD/OEWTA/BEWT ATTN. SUZANNE PORTER

SUMMARY. FOLLOWING INFO, SUBMITTED IN RESPNSE TO REPAIR, BASED
ON EMBASSY'S DISCUSSIONS WITH FONOFF, MITI, JETRO, BANKS AND
TRADING FIRMS. END SUMMARY.

1. SWITCH HOUSES DONOT EXIST IN JAPAN. JAPANESE FIRMS HAVE
IN PAST UTILIZED SERVICES OF SWITCH HOUSES IN EUROPE, ESPECIALLY
FOR RESALE OF GOODS PURCHASED IN EASTERN EUROPE WHICH WERE NOT
MARKETABLE IN JAPAN.

2. SWITCH BUSINESS HAS DECLINED GENRALLY IN RECENT YEARS AND
WITH IT JAPAN'S USE OF SWITCH HOUSES IN EUROPE. SWITCH
TRANSACTIONS STILL OCCUR OCCASIONALLY AND ARE
NOW GENERALLY HANDLED BY JAPANESE TRADING COMPANY
ITSLSELF.

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3. JAPAN DOES NOT HAVE GOVERNMENT-TO-GOVERNMENT CLEARING

AGREEMENTS WITH SOCIALIST COUNTRIES. THERE IS A YEN-YUAN FINANCIAL AGREEMENT BETWEEN BANK OF CHINA AND CORRESPONDING JAPANESE BANKS, BUT THIS IS NOT RPT NOT AN ARRANGEMENT FOR QTE CLEARING TRADE UNQTE.

4. GOJ DOES NOT APPROVE CONTRACTS CONTAINING EXPLICIT PROVISIONS FOR BARTER, SWITCH, COUNTER-PURCHASE OR PRODUCT PAY-BACK, WITH SINGLE EXCEPTION OF A COASTAL TRADE ARRANGEMENT WITH USSR WHICH SPECIFIES BARTER TRADE IN LISTED COMMODITIES BETWEEN SMALL AND MEDIUM SIZED TRADERS IN JAPAN AND IN USSR FAR EAST REGION. WITH THIS EXCEPTION, TRANSACTIONS WHICH IN EFFECT INVOLVE "COUNTER-PURCHASE" OR "PRODUCT PAY-BACK" ARE NEGOTIATED FORMALLY AS SEPARATE SALES CONTRACTS WITH PAYMENT BY LETTER OF CREDIT OR OTHER STANDARD METHOD.

5. REPAIR ARRIVED IN TOKYOJAN. 21: IT IS NECESSARY TO ALLOW MINIMUM OF TEN DAYS TRANSIT TIME FOR AIRGRAMS. FROM WASHINGTON TO TOKYO. WHEN INFORMATION IS DESIRED WITHIN SHORT DEADLINE, WASHINGTON AGENCIES MAY, THEREFORE, WISH TO TRANSMIT REQUEST BY CABLE.
HODGSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, BARTER TRADE
Control Number: n/a
Copy: SINGLE
Draft Date: 07 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO001667
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750045-0385
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750260/aaaacceu.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE A-152
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 22 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 SEP 2003 by RowellE0>; APPROVED <31 DEC 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BARTER/SWITCH TRADE
TAGS: EEWT, EFIN, JA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006